DOCUMENT RESUME

ED 412 845 HE 030 636

AUTHOR	Roy, Delwin A.
TITLE	"New Partnering" for Higher Education and the Corporate Sector. AGB Occasional Paper No. 18.
INSTITUTION	Association of Governing Boards of Universities and Colleges, Washington, DC.
PUB DATE	1994-00-00
NOTE	15p.
AVAILABLE FROM	Association of Governing Boards of Universities and Colleges, One Dupont Circle, Suite 400, Washington, DC 20036 (members, $4.95; nonmembers, $9.95; quantity discounts).
PUB TYPE	Information Analyses (070) -- Reports - Evaluative (142)
EDRS PRICE	EDRS Price MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	*Corporate Support; Corporations; Donors; Economic Factors; Educational Finance; Educational Strategies; Futures (of Society); *Global Approach; *Higher Education; Long Range Planning; *Partnerships in Education; *Private Financial Support; *Private Sector; School Business Relationship; Trend Analysis

ABSTRACT

The partnership between institutions of higher education and the corporate sector has evolved since the end of World War II. Data from the Council for Aid to Education show that until 1990, corporate financial support for education was robust. The proportions of corporate contributions going to education were constant at about 25 percent with about 70 percent of that going to higher education. The early 1990s slowed private sector giving due to a declining economy, corporate downsizing, buyouts by foreign investors, and increasing demands on corporate contributions. Several conferences have addressed these trends, including: conferences on global citizenship and the North American Free Trade Agreement. Issues addressed by the conferences included higher education's need to reconsider its mission due to the dramatic worldwide economic changes occurring, and the need to provide better prepared workers who can help the private sector respond to world economy changes. The private sector also needs to adapt to rapid global change with a more diversified work force. A new partnership between the private sector and higher education must be developed which maintains a separateness of function, mission, and objectives. Currently the private sector is adapting to the new global economy faster than higher education institutions are. (LEE)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 412 845

Association of Governing Boards
of Universities and Colleges

"New Partnering" for Higher Education and the Corporate Sector

By Delwin A. Roy

AGB OCCASIONAL PAPER No. 18

BEST COPY AVAILABLE

HE030636

PERMISSION TO REPRODUCE AND
DISSEMINATE THIS MATERIAL
IN OTHER THAN PAPER COPY
HAS BEEN GRANTED BY

AGB

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy

The AGB Occasional Paper Series addresses current and emerging issues of concern to board members and administrators in the context of their institutional settings. Written by acknowledged experts, AGB's Occasional Papers focus on educational and governance trends that affect boards and administrators.

AGB distributes new titles in the Occasional Paper Series as they are published to chief executives and board chairs of member institutions. Additional copies are available at a nominal charge by calling or writing to AGB.

Copyright 1994 Association of Governing Boards of Universities and Colleges, One Dupont Circle, Suite 400, Washington, D.C. 20036. All rights reserved.

Association of Governing Boards of Colleges and Universities
One Dupont Circle • Suite 400
Washington, D.C. 20036
Tel: 202/296-8400 Fax: 202/223-7053

"New Partnering" for Higher Education and the Corporate Sector

BY DELWIN A. ROY

Higher education has occupied a unique position in the quest to fulfill the American dream, especially since the end of World War II. During this time, as the United States enjoyed a long period of sustained economic growth, many Americans came to believe that possessing a college degree all but guaranteed a person a job and prosperity. Parents, subscribing to this notion, paid thousands of dollars in tuition and advised their children that college would give them the "right stuff" for success. But in the last few years, as students have graduated from college only to find fewer and fewer employment opportunities awaiting them, both parents and children have found their belief in the intrinsic economic value of higher education badly shaken.

A similar shift is occurring in the private sector. Business has long had a direct, historical, and largely successful relationship with both public and private higher education. Many thousands of companies draw upon colleges and universities for the research and human talent they need to compete. Yet the corporate community seems to be increasingly dissatisfied with what it perceives as higher education's lethargic response to the changing needs of corporations.

The problem here is neither simple nor transient. In fact, in the face of unprecedented global changes, business and higher education can no longer continue to rely on their traditional relationship, with its strict divisions of roles and purposes. Instead, they must develop a new form of partnership that allows each to draw on the other's strengths, enabling both to survive.

The Shift in Corporate Giving. Data from the Council for Aid to Education (CFAE) show that until 1990, corporate financial support exhibited no signs of ill health. As total corporate contributions grew throughout the 1980s, the proportion of funds going to education remained constant, at about 25 percent. Of that 25 percent, about 70 percent continued to go to higher education.

But in the early 1990s, the growth in total corporate giving began to slow. The economy, corporate downsizing, and buyouts by foreign investors (who sometimes eliminated or severely reduced giving at the companies they acquired) all conspired to produce only nominal growth in overall corporate contributions. For example, the venerable and forward-looking IBM, once held forth as the paragon of corporate social responsibility, has watched its contributions budget drop from over $150 million in 1990 to less than $100 million in 1993.

At the same time, corporate donors began to realize that their social and community investments had to be spread over a broader range of needs. Corporations were now having to weigh such priorities as affordable housing, the environment, health care, AIDS, drug abuse, and job retraining—in addition to all the traditional causes.

Faced with these tighter budgets and increasing demands, corporate leaders directed contributions officers to demonstrate more clearly how any social investment related to overall business strategy and profitable returns. Many corporations adopted stringent limits, noting that they would make only those contributions that in some way tie into a strategic business objective. The result has been a growing attitude of "if we aren't there, we don't care"—meaning that a company's contributions go only to geographical locations where there is a physical business presence and only to causes that serve a strategic business interest.

The retreat from corporate support for higher education is not wholesale —at least not yet.

Corporations have not staged a wholesale retreat from support for higher education—at least not yet. But there's little doubt that among the many demands for corporate contributions, the case for continuing support of higher education weakens. Some corporate donors simply are recognizing that more and more of tomorrow's work force never makes it to college. The growing willingness to fund elementary and secondary education is a direct reflection of this view. In fact, CFAE figures show that by 1992, 42 percent of corporate support for education was going to elementary and secondary education.

But some also believe that higher education no longer is doing its job. Their complaints are by now familiar: that teachers don't teach—or don't teach enough; that universities and colleges are wasteful, with vast underemployed and excess resources; that higher education fails to impart a practical skill base adequate to meet the technological requirements of the "new work force."

Is all of this just one more round of the usual invective the private sector heaps upon education when the economy, and the nation's global competitiveness, goes sour? Or does higher education need to take a whole new approach to meeting the needs of business and society before it merits continuing corporate support?

Whatever the case, the rapidly changing state of world economic, social, and political affairs is increasingly dictating the character of the debate. The longstanding historical relationship of support between business and higher education seems destined for a fundamental change, and the imperative for reasoned dialogue is growing geometrically.

A Clash of Perspectives. I recognize that generalizations about such complicated matters can be overly simplistic. But the issues for the private sector are real. Even if the economy were in considerably better shape, higher education would still have to reconsider its mission based solely on the dramatic changes taking place worldwide.

In the past few years, I have attended several conferences dealing either directly or indirectly with the state of higher education and its capability to meet these new, global challenges. Typically, the private sector is invited to participate, but seldom do many corporate representatives (especially those in senior executive positions) choose to attend. Several anecdotes from these conferences reflect the growing distance in perspective—and sometimes, the outright antipathy—between higher education and the private sector:

At a conference in Boston, one of a series of conferences on global citizenship, one issue was how much help the U.S. higher education system was likely to give to the transnational corporation, which by definition must respond to rapid global change. After an experienced university educator, in a particularly long speech, delineated in excruciating detail all of the reasons why the U.S. system would probably *not* respond, a representative of a top high-technology firm asked with great resignation, "When is higher education going to give us what we need to compete?" This exchange came after a day and a half of the kind of academic litany that so discourages business leaders—something that a typical academic speaker might unfortunately describe as "a *tour de force* in the diachronical, dialectical, and diacritical vein on the concept of 'global citizenship.'"

This is not to say that such comment lacks constructive content or relevance. It is to point out that *if* such an exercise seeks private-sector participation, then it falls to all concerned to approach the matter in a manner that encourages, rather than detracts from, serious consideration by people with different perspectives.

At a San Francisco meeting in the same conference series, a professor of education observed reasonably that "higher education can really only impart a 'capacity' to analyze issues and phenomena in a critical, informed manner...not necessarily a 'quality' in the use and application of this capacity." In other words, higher education, like business, *is limited* as to what it can and cannot do well.

At a conference titled "Higher Education and the North American Free Trade Agreement" (NAFTA), which drew more than 300 higher education administrators and professors and about 20 business representatives, the central question was, "How should the higher education systems of Canada, the United States, and Mexico respond—curricularly, technologically, and

conceptually?" This conference was convened *before* the formal passage of NAFTA legislation, so that the NAFTA higher education community could draft a communique describing its responses to such a significant agreement. While the entire three-day conference was instructive, I recall two exchanges in particular.

The first occurred after a particularly long opening session in which academic leaders and professors set forth their views on the changes NAFTA would necessitate for higher education. As they spoke, they frequently mentioned the need for new funding to effect these changes. But they made no reference to the need for academic institutions to review the allocation of existing resources and consider whether new priorities, such as NAFTA, might require them to shift financial resources, in addition to (or instead of) seeking new funds.

A representative from a global electronic firm asked, "What is higher education going to do to reform itself? How does the private sector know that it is not once again being asked to provide soft funding for programs that will be eliminated as soon as this soft funding is no longer available? What can higher education do to motivate academic senates and tenured faculty to accept new priorities and, accordingly, support hard-budget reallocation decisions to accommodate these new priorities? Why hasn't the dialogue on the draft communique thus far solicited or engaged private-sector thinking on this matter?"

The questions generated far more in the way of applause than in the way of an answer. The answer was perhaps worse than lame; it failed to respond to any aspect of the question in a meaningful sense. Business representatives took note of this failure, and they mentioned it frequently as they posed additional tough questions during the rest of the conference.

The second exchange came on the last day of the conference when, once again, a business representative (from a telecommunications corporation) asked, "Why does the academic community consistently choose to take the private sector for granted?" She went on to note that "this conference has again demonstrated that academics choose to reflect in isolation from the private sector, save to assume that business will happily pay for whatever higher education elects to pursue." Awaiting no answer, she added, "This issue [NAFTA] is far too important to leave in the hands of academics." This comment also generated considerable applause.

I recently received the redrafted communique resulting from this conference and can only conclude that, as so often is the case, the issues and questions raised by the private sector had marginal impact at best, save in one respect. The assumption that corporations would willingly subsidize new research, curricular change, and the like was dropped in favor of relying more on government coffers.

The third conference focused on the need for sound, reasoned, and credible statistical information on the environment. A coalition of academics (primarily scientists) and environmental organization representatives came together to press for the creation of a National Institute of Environment (NIE) that would make research grants and allocate funds for scholarships, fellowships, and faculty development for higher education.

I mention this conference here because of two apparent premises underlying the NIE proposal. First, the rationale for this new organization is based on the need for baseline data on various environmental matters (the hole in the ozone layer, biodiversity, and so forth) currently or prospectively subject to government regulation. Second, scientists and their institutions—colleges and universities—would be the primary beneficiaries of the $500 million annual budget sought from public coffers.

While the academics, environmentalists, government regulators, and business representatives in attendance all acknowledged the need for a universal and standardized set of environmental data, this was about as far as agreement would extend. As in the case of the NAFTA meeting, the private sector wished to know why two years of design and conceptual work had been done by a committee that did not include *any* representatives of the private sector. The proposed NIE is already set forth in a House of Representatives bill to be considered in the next congressional session. Why, then, convene business representatives for half-day sessions in New York, Chicago, and San Francisco and ask them "what constructive comment they might have" on something that had already progressed so far?

The issues for the corporate sector are real. Even if the economy were in considerably better shape, higher education would have to reconsider its mission based solely on the dramatic changes taking place worldwide.

Several exchanges clearly illustrated the corporate participants' frustration. A representative of a major utility corporation asked, "I have to meet environmental regulatory standards by 1997; how would the proposed NIE help me do this?" The answer: "It isn't designed to do this." A representative of a high-tech electronics firm asked, "If the proposed NIE were to be classed a successful undertaking, where would you expect it to be three, five, and seven years respectively from its inception?" The answer: "It would have collected all of the existing data by three to four years out; would issue its first standardized data sets beginning in the fifth or sixth year, and be fully operational sometime after the eighth year or possibly tenth year."

The silence following this last comment was palpable.

Education for a New Age. I cite these conferences, out of the dozens I have attended, because they deal with issues that are *immediate* for the private sector in the United States: the globalization of competition, dramatic changes in the global and regional competitive market structure, and the environment. It is important to understand that corporations, by their very nature, are required to act—and to sense the need to act—far more quickly than do higher education institutions. Conversely, higher education purports to educate citizens for the long haul and considers itself far less effective when trying to address issues that may be ephemeral.

This ought not mean that there is no basis for dialogue and compromise in meeting both sets of concerns. It additionally is clear that the kinds of global changes now taking place are so immense and pervasive that there is very little ephemeral about them. One of the points made by private-sector representatives in all three of the conferences was, "We are working daily with these problems and often invest millions in developing our own research capability on their consequences; why not, then, engage the private sector in seeking solutions?" In effect, private-sector representatives were saying, "We need a new kind of partnership."

So, from the perspective of the private sector, what *ought* higher education consider in reflecting upon a new educational strategy? As the next century approaches, what are the fundamental issues and opportunities that will influence the quality of life, and what is the capacity of education to enhance this quality for people around the world?

From the point of view of the private sector, being "better" means providing better prepared workers who can help the private sector respond to unprecedented changes in the world economy.

For one response, let me quote a paper prepared by staff of my own organization, the Hitachi Foundation, for its board: "[The] greatest challenge facing our society in the next century lies in building and sustaining the links between and among individuals, communities, nations, organizations, and disciplines that allow effective community development. [An] education strategy serves as the foundation for building human capacity and creating partnerships, both of which are needed to achieve a sustainable, pluralistic, global society. Such a strategy must [recognize] education's critical role in fostering the understanding and skills [any] population needs to govern society effectively and provide for people's needs."

From this follows very specific points to which the higher education system must address itself:

• Enhancing the quality of life requires that all people must be better equipped to pursue and attain economic opportunities and to participate as productive, responsible community members and world citizens. This can only be achieved if higher education works to eliminate barriers that prevent diverse groups from gaining access to educational and economic opportunities.

• Higher education must educate those who will be the future leaders of institutions, communities, and nations as to how these systems must change to be more inclusive. This, too, will require greater opportunity and access for individuals to fulfill their potential.

• Higher education must emphasize academic programs that can integrate the skills and information needed to pursue opportunities that are "authentic" to students. By this, I mean that students will recognize the material being taught as accurate and relevant, even though it may also expand or build upon their existing base of knowledge.

The challenge for education thus boils down to three points: (1) It must find innovative and well-considered ways to address more directly the issue of diversity (which often travels under the label of "multicultural education"). (2) It must enter into a collaboration—with parents, the community, and the private sector—that reflects a more direct understanding not only of the *systemic changes* that information technologies are bringing to the way people organize their lives but also of the complex consensuses upon which the resolution of societal problems can *only* be based. (3) And perhaps most important, it must bring "authenticity" to learning, to enable students to better relate their academics to the lives most of them are destined to lead. Note that I do not suggest that the authentic *replace* the academic; rather, that the academic needs to more readily *embrace and encompass* the authentic.

Sharing the Blame. Is it entirely fair to lay the blame for the private sector's global competitive failings at the doorstep of higher education—or even to suggest that higher education must reform itself with improved private-sector competitiveness in mind?

In asking such a question, I am moved to underscore the premise that seems to underlie it: Higher education clearly still counts. I know of no private-sector leader who contends it does not, nor who believes that the higher education system in the United States is not the best to be found. However, the being "the best" must not imply that it does not need to be "better." From the point of view of the private sector, being "better" means providing better prepared workers who can help the private sector respond to unprecedented changes in the world economy.

This, in turn, assumes that the private sector knows how to marshal this human talent to productive and profitable purpose. Are there no corporate management deficiencies at play here?

Many educators logically wonder whether the corporate world chooses to explain the absence of suitable skills in the work force by simply blaming higher education—when in fact it is at least equally (some would suggest

more of) a matter of a failure of management. Higher educators point to "smart" companies—like Motorola and Xerox—that do not seem to have the "failed worker" concern. Such firms work in close collaboration with higher education and continue to look to that sector for talent—which presumably is well prepared—or these firms would look elsewhere. Patricia Albjerg Graham, professor and former dean of the Harvard School of Education, says, "Essentially, corporate management—with exceptions—didn't learn fast enough, given rapid global change, what *it* needed to do."

Corporate management's failure is most apparent when it comes to the growing diversity of the work force. On this point, Professor Graham notes, "The hiring practices of corporations alone serve to underscore this lack of concern [with diversity] as much as does anything else." Moreover, businesses are not solidly behind the need to get the financial resources to those places in American society that can adequately prepare an increasingly diverse present and future work force. In the case of many corporations and businesses, it is apparent that management has not figured out what the "new work force" is or ought to be.

So yes, the private sector is most assuredly to blame for the many problems now besetting American industry and services, and yes, there probably is a proclivity on the part of this sector to overreact where higher education is concerned. However, assessing blame is not the purpose of this paper.

If the private sector is having difficulty adjusting and adapting to the rapid pace and many directions of global change, so too is higher education. For example, higher education has not figured out the proper balance faculty members must strike between research and teaching. Faculty promotion and tenure policies often reflect this ambiguity. In fact, higher education faculty performance varies immensely from institution to institution. This disparity in faculty practices, and in institutional expectations for those practices, is very serious. If the thousands of universities and colleges, whether private or public, cannot devise a "course correction" and implement the changes needed, then legislative bodies—state and federal—will.

Another campus issue campuses must address is the advising of students. As the matter of "authenticity" becomes more critical, so does the role of faculty in advising the student body. One does not have to look hard for evidence to find how much faculties have gotten out of the business of advising students. A quick review of the growth in the budgets allocated to student services suffices to inform those interested in this topic.

Partnership and Partnering. The higher education and private-sector communities must recognize that the historical nature of their relationship is no longer tenable. Much has changed in the world of business. In 1973, the United Nations Center for Transnational Corporations concluded that approximately 7,000 corporations worldwide could be classed as

"transnationals." These firms conduct operations globally and establish production, marketing, and service capacity in a number of different nations. In 1992, according to the center, transnationals numbered more than 37,000 and operated more than 170,000 subsidiaries and affiliates worldwide with total assests of $4.3 trillion.

The United States accounts for about 15 percent of the total transnationals now in operation. However, hundreds of small and medium-sized industries and services are being drawn into this global competitive network.

If the private sector is going to be able to meet the Herculean tasks confronting it, it needs a different relationship with higher education—*a new partnering*. In this new relationship, these two sectors can take their past relationship for granted—as a base from which to build—but must also recognize that this phase is effectively over.

This means, in part, that higher education must reconsider and revamp the old "bottom line" interpretation of corporate behavior. Higher education cannot continue to rely upon past funding practices or traditional forms of financial resources from the private sector. Nor can it depend on traditional practices for soliciting those funds. There is a new, global competitiveness emerging for private-sector corporate contributions.

There are limits to the degree that new partnering can proceed. There is a separateness of function, mission, and objective to be observed lest higher education becomes so malleable as to deviate substantially from its long-term mission: to educate for life, not just for the moment.

For its part, the private sector must now be prepared to cooperate with higher education beyond "checkbook philanthropy"—the almost mindless process by which contributions are made with no corresponding interest in how or what transpires as a result. The private sector must cease to view financial contributions as "donations," but as one colleague of mine puts it, as "investments." And it is increasingly clear that if the private sector fails to devise a constructive strategy for its social and community investments, the survival of capitalism may in fact become at stake.

There are limits to the degree that this new partnering between the private sector and higher education can proceed. Partnering can easily involve higher education's two primary activities—teaching and research. However, there is a separateness—of function, mission, and objective—to be observed lest we expect education to be so malleable as to deviate substantially from its long-term mission: to educate for life, not just for the moment.

Is the private sector ready to invest in a new partnering relationship? I believe it is, or at least, I believe significant elements of the private sector already are doing so or are contemplating the need to do so.

How about higher education? Frankly, at present this is more problematic. Higher education institutions are by their nature slower to respond to change. This reticence can be traced to longstanding practices—tenure for instance—that are predicated on rationales that may no longer be quite as relevant as once was the case.

Yet, unless and until new dynamism and new interpretations can be brought to the partnering of these two sectors, the distance and the depth of misunderstanding that appears to be growing will carry real consequences for the future of the United States. I realize that not every institution or corporation would agree with this observation. But I wonder whether there is the luxury of time to think about it.

About the Author

Delwin A. Roy, Ph.D., is president and chief executive officer of the Hitachi Foundation. Recently on sabbatical at Stanford Law School, he led a seminar on "Transnational Corporations and Managing Global Issues." The views presented in this paper are his own and not those of the Hitachi Foundation or Stanford Law School.

The AGB Occasional Paper Series

1. **Emerging Policy Issues for Community Colleges**
   By Louis W. Bender

2. **Emerging Policy Issues for State Coordinating Boards**
   By Patrick M. Callan

3. **Emerging Policy Issues for Public Multicampus Systems**
   By Alms C. McGuiness Jr.

4. **Emerging Policy Issues for Foundations of Public Institutions**
   By Royster C. Hedgepeth

5. **Emerging Policy Issues for Single-Campus Public Institutions**
   By Kenneth P. Mortimer

6. **Emerging Policy Issues for Historically Black Institutions**
   By Alan H. Kirschner

7. **Emerging Policy Issues for Theological Schools and Seminaries**
   By Christa R. Klein

8. **Emerging Policy Issues for Church-Related Institutions**
   By The Reverend William McInnes

9. **Emerging Policy Issues for Private Research Universities**
   By Roger L. Geiger

10. **Emerging Policy Issues for Liberal Arts Colleges**
    By Kathryn Mohrman

11. **Information Systems for Board of Theological Seminaries**
    By Lawrence M. Butler

12. **Achieving Integrity in Intercollegiate Athletics**
    By Wilford S. Bailey

13. **Policies for Improving Trustee Selection in the Public Sector**
    By Patrick M. Callan and Dean A. Honetschlager

14. **Emerging Issues in Independent School (K-12) Governance**
    By Pearl R. Kane

15. **Tuition and Finance Issues for Public Institutions**
    By Thomas P. Wallace, Darryl J. Greer, and James R. Mingle

16. **Issues of Athletic Certification for NCAA Division I Members**
    By Maureen E. Devlin

17. **Long-Term Tuition Policy: What Happens When Tuition Rises Faster Than Ability to Pay?**
    By John A. Dunn Jr.

18. **"New Partnering" for Higher Education and the Corporate Sector**
    By Delwin A. Roy

All titles in this series are available at modest prices from AGB Publications, 202/296-8400.